Withdrawal of Foreign Companies in Power Sector

4048. SHRIMATI VANGA GEETHA : Will the Minister of POWER be pleased to state :

(a) whether in view of Enron threat to pull out many proposals of foreign companies coming in power sector have been withdrawn;

(b) if so, the names of the companies who have withdrawn during the last three years with reasons for their withdrawal; and

(c) the steps Government are taking to encourage companies to come forward with investments ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA) : (a) and (b) So far, no foreign company has withdrawn from the Indian power sector on account of the possibility of Enron pulling out from the Dabhol Power Project. However, the details, as per information available, in regard to foreign investors who have withdrawn from power projects during the last three years, are mentioned below :—

— M/s Cogentrix Energy, Inc., who were one of the main promoters of the 1013.2 MW Mangalore Power Project in Karnataka, informed that with effect from February 11, 2000, the Company has transferred their interests in the project and the Mangalore Power Company (MPC) to China Light (Mauritius) Ltd., who are equity partners in the MPC. No reasons were conveyed for withdrawing from the project.

— M/s Electricite de France (EDF), a French Power Company, who was the co-promoter in the 1082 MW Bhadrawati Power Project, has conveyed its decision to pull out from the project. The following reasons have been indicated for pulling out :—

(i) Inordinate delay in getting clearances from various authorities.

(ii) A very high coal price sought by the coal supplier.

(iii) Lack of proper commitment to escrow arrangements.

— In the case of M/s Maheshwar Hydel Power Project (10 × 40 MW), foreign collaborator M/s Bayernwerk View has decided to pull out from the project because of non project specific reasons. M/s Ogden Energy of U.S.A., in the same project, exited due to its own reason viz. internal restructuring and changed business focus.

— **In** the case of 1070 MW Korba East Thermal Power Project, M/s. Daewoo Power (India) Ltd., have given termination notice to the State Government authorities on 14-8-2000 citing inability of the Madhya Pradesh Electricity Board to provide payment security.

— **In** the case of 2 × 210 MW Bakreshwar Thermal Power Project, Units 4 & 5, the Government of West Bengal have informed that M/s Bakreshwar Power Generation Co. Ltd. (BPGCL), which is the Joint Venture Company (JVC) set up by the West Bengal Power Development Corporation (WBPDCL), M/s. DCL and M/s Ogden Energy Asia Pacific Ltd., for setting up the 2 × 210 MW Bakreshwar TPP Unit 4 & 5, has since been wound up and M/s Ogden Energy Asia Pacific Ltd., has exited from the JVC.

(c) The policy to encourage private sector investment (including foreign investments) in the power sector was announced in 1991 and has been reviewed/modified from time to time, with a view to streamlining the procedures for speedy development of the power projects. Some of the steps taken by the Government for simplifying and decentralizing the procedure for clearance of private power projects and to attract more companies in the power sector, are :

— **minimizing** the number of clearances required to be obtained for the purpose of appraisal of the private power projects by Central Electricity Authority (CEA).

— **minimizing** the role of the Foreign Investment Promotion Board by providing for automatic approval for foreign equity in selected categories and enlarging the provisions for automatic approval for such projects. Accordingly, projects for electric generation, transmission and distribution have been permitted foreign equity participation up to 100% on the automatic approval route without any limit.

— **delegating** more powers to State Governments for environmental clearance.

— **raising** the capital cost limits up to which techno-economic clearance (TEC) of CEA is not required.

— **preparation** of a shelf of projects to facilitate early execution and reduction of time required for preparation.

— close monitoring at various levels to expedite clearances, remove bottlenecks and to resolve the 'last mile' problems in achieving financial closure.

— The Electricity Regulatory Commissions Act, 1998 has been enacted which enabled setting up of the Central Electricity Regulatory Commission and the State Electricity Regulatory Commissions.

— The Electricity Laws Amendment, Act 1998 was enacted to make transmission as a distinct activity for encouraging greater participation in the investment in the private sector.

— A policy on Hydro Power Development was initiated for accelerating the pace of hydro power development in order to exploit vast hydro-electric potential at a faster pace, increase private investment, and promote small and mini hydel projects.

— The development of mega power projects at mine pit-heads, coastal locations and in regions with hydro potential both in public and private sector with transmission facilities for evacuation of power to other regions is being encouraged. Under the existing mega power policy, the identified mega projects have been given certain fiscal concessions such as exemption from payment of customs duty for import of equipment, income tax holiday, etc.

Unbundling/Corporatisation of SEBs

4049. DR. DASARI NARAYANA RAO : Will the Minister of POWER be pleased to state :

(a) whether it is a fact that many States have unbundled/corporatised their Electricity Boards as measure of reforms;

(b) if so, the details thereof;

(c) whether Government have noticed any improvements in SEBs after corporatisation; and

(d) if so, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA) : (a) to (d) The States of Orissa, Andhra Pradesh, Uttar Pradesh, Haryana, Karnataka and Rajasthan have unbundled their State Electricity Boards as part of their reform programme. The SEBs have been unbundled into separate entities for generation, transmission